

GIFT CERTIFICATE ENVELOPE SYSTEM AND METHOD

BACKGROUND OF THE INVENTION

1. Technical Field

5 The present invention relates generally to packaging and processing third party redeemable instruments, and more particularly to a system and method for issuing and processing third party gift certificates.

2. Related Art

Gift certificates have become an invaluable tool for vendors to market their goods and services. In fact, almost all retail vendors, including restaurants, department stores, boutiques, on-line stores, etc., offer some form of gift certificates. For consumers, gift certificates provide a convenient mechanism to purchase and give a gift. In particular, gift certificates not only allow a purchaser to adhere to an exact budget, but they also virtually eliminate the often difficult gift selection process.

15 To further the usefulness and effectiveness of gift certificates, intermediary third parties have entered the gift certificate marketplace. Specifically, third parties enter into agreements with vendors and then sell gift certificates for the participating vendors pursuant to the agreement. This then allows consumers to purchase a gift certificate for any one of a number of participating vendors (e.g., stores or restaurants) from a single third party intermediary. To further increase flexibility, the third party may offer a

universal gift certificate redeemable by a number of different vendors (e.g., the gift certificate may be valid at any store in a shopping mall).

5 In order to profit from this third party model, the third party generally keeps a portion of the gift certificate revenue. For example, if a third party sold a \$100 gift certificate for a participating vendor, the third party would collect \$100 from the customer, issue a \$100 gift certificate to the customer for the participating vendor, and then pay the vendor the \$100 less a transaction fee (e.g., \$5). Thus, under this model, the customer would receive \$100 worth of goods and/or services, the third party would profit \$5 for each such transaction, and the vendor would receive \$95. The fact that the vendor ends up selling their goods and/or services at a slight discount can be readily justified by the vendor as a marketing cost associated with guaranteed revenue. Thus, the third party model is convenient for the customer, and profitable to both the vendor and the third party.

However, one of the drawbacks of the third party model described above is the fact that the gift certificate itself is not a liquid form of currency to the vendor. In other words, after the vendor receives the gift certificate, the vendor must look to the third party for reimbursement. This may result in a payment waiting period, and create some risk that the third party will default (thereby decreasing the value of the transaction). To alleviate this, an escrow can be set up for the vendor in order to ensure payment.

20 However, the process of maintaining and tracking separate escrows for numerous vendors creates significant accounting overhead and costs for the third party.

Accordingly, a need exists for a system and method in which third party gift certificates (and other redeemable instruments) can be issued and processed without creating additional costs and overhead to the parties involved.

SUMMARY OF THE INVENTION

5 The present invention overcomes the above-mentioned problems, as well as others, by providing a system and method for issuing redeemable instruments, such as gift certificates, in which the vendor receives immediate payment and the third party incurs little or no additional overhead.

 In a first aspect, the invention provides a third party payment system, comprising: a first redeemable instrument printed on an exterior side of a sealed envelope, wherein the first redeemable instrument has a first redeemable value; and a second redeemable instrument enclosed within the sealed envelope, wherein the second redeemable instrument has a second redeemable value.

 In a second aspect, the invention provides a third party gift certificate system, comprising: a gift certificate printed on an exterior side of a sealed envelope, wherein the gift certificate includes a redeemable amount; and a check enclosed within the sealed envelope, wherein the check includes a payable amount.

 In a third aspect, the invention provides a a method for implementing a third party payment system, comprising the steps of: issuing a redeemable instrument to a first party for a predetermined amount, wherein the redeemable instrument is provided by a third party and is printed on an exterior side of a sealed envelope, and wherein the sealed

5 envelope contains a negotiable instrument; guaranteeing that the redeemable instrument can be redeemed in exchange for a consideration provided by a second party equal to the predetermined amount; and reimbursing the second party by allowing the second party to remove the negotiable instrument from the sealed envelope, wherein the negotiable instrument is payable to the second party for a payable amount.

BRIEF DESCRIPTION OF THE DRAWINGS

The preferred exemplary embodiment of the present invention will hereinafter be described in conjunction with the appended drawings, where like designations denote like elements, and:

Figure 1 depicts a front view of an exemplary gift certificate system in accordance with a preferred embodiment of the present invention.

Figure 2 depicts a rear view of the exemplary gift certificate system of Figure 1.

Figure 3 depicts the exemplary gift certificate system of Figure 1 being opened.

Figure 4 depicts an enclosed negotiable instrument contained within the exemplary gift certificate system of Figure 1.

Figure 5 depicts a gift certificate business model in accordance with a preferred embodiment of the present invention.

DETAILED DESCRIPTION OF THE INVENTION

Referring now to the figures, Figure 1 depicts an exemplary third party gift certificate system 10 issued by a third party pursuant to this invention. Gift certificate system 10 is packaged as a sealed envelope with a redeemable gift certificate 12 printed on a front side. Gift certificate 12 includes a redeemable or predetermined amount 20. The redeemable amount 20 typically reflects both the redeemable dollar value of the gift certificate, as well as the amount the purchaser paid for the gift certificate (in this case, \$10). Also included on gift certificate 12 are additional written indicia. For example, gift certificate 12 includes spaces for indicating *to* whom the gift certificate is to be given 11; *from* whom the gift certificate was given 13; the name of the third party 17 who issued the gift certificate (e.g., Simply Certificates.comTM); an authorized signature 19; a bar code 21; etc. Also included is information 22 regarding the vendor or vendors where the gift certificate is valid. In this case, the gift certificate is valid at a plurality of participating merchants that are shown on the rear side of the gift certificate (see Figure 2). It should be appreciated that while this preferred embodiment comprises a universal gift certificate (i.e., it is redeemable by a plurality of participating merchants), a gift certificate redeemable by only a single merchant could likewise be implemented.

As noted above, the gift certificate system 10 comprises a sealed or enclosed envelope. The sealed envelope includes a removable top tab (or edge) 14 and removable side tabs (or edges) 16 and 18. Each tab is removable along perforations 15, thereby allowing the gift certificate envelope to be readily opened. Printed on each tab is a

warning 24 that warns the gift certificate holder not to remove the tabs. If the tabs are removed by the gift certificate holder, the gift certificate is voided. Although this preferred embodiment utilizes a sealed envelope having removable tabs, any type of sealable (i.e., close-able) envelope or package could be utilized.

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Referring now to Figure 2, the back side 26 of the gift certificate system 10 is shown. As can be seen, the gift certificate is redeemable at a plurality of vendors or merchants. The back side also includes warnings 24 printed on each of the tabs. The gift certificate 12 is sold to a purchaser/giftor who, in turn, can give the gift certificate to a customer/giftee. The customer/giftee would then present the gift certificate to one of the participating vendors and redeem the gift certificate for consideration in the amount 20 listed on the front side of the gift certificate 12. Thus, in the case of a restaurant, the customer would receive a credit in the amount of the gift certificate (e.g., \$10) towards the final bill.

Figure 3 depicts the sealed envelope of gift certificate system 10 being opened. Gift certificate system 10 would typically only be opened by the vendor or merchant after the gift certificate has been presented and redeemed by a customer. As shown, gift certificate system 10 is opened by removing the tabs 16, 18 and 14 and then separating the front side of the gift certificate 12 from the back side 26 to reveal an enclosed second redeemable instrument, in this case, a negotiable bank check 28.

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As shown in Figure 4, bank check 28 is made payable to the participating merchant(s) for a payable amount 30. In the case of a universal gift certificate, where there are numerous participating merchants (i.e., possible payees), the check would be

drafted in such a manner that the participating merchants, and only the participating merchants, could present the check for payment. Thus, the enclosed check 28 has no value to any party other than a participating merchant. Bank check 28 can be detached from the gift certificate system 10 by tearing it along perforation 32. Accordingly, when the participating merchant redeems the gift certificate 12, the merchant receives immediate reimbursement for the provided goods and services, simply by tearing open the envelope and removing bank check 28. As can be seen, the bank check 28 is made out to a payable amount (e.g., \$8) that is slightly less than the gift certificate redeemable amount (e.g., \$10). Accordingly, the third party that sold the gift certificate would profit 20%, or \$2 from the transaction.

It should be understood that while this preferred embodiment describes a gift certificate system 10 that includes a gift certificate 12 printed on the outside of a sealed envelope, and a negotiable bank check 28 contained on the interior portion of the envelope, any type of redeemable instrument could be utilized. For the purposes of this invention, a "redeemable instrument" includes any type of gift certificate, coupon, ticket, money order, voucher, security, negotiable instrument, commercial paper, etc., (but specifically excludes postage). Thus, the instrument printed on the outside could comprise an airplane ticket, and the instrument contained on the inside could comprise a money order, etc.

Referring now to Figure 5, an exemplary business model flow diagram 31 is depicted. In a first step (I), a third party gift certificate issuer 34 sells a gift certificate to a purchaser for \$100. Pursuant to the transaction, the purchaser 36 receives a \$100 gift

